

1 RICHARD GEORGE
2 431 Central Avenue
3 Menlo Park, California 94025
4 Telephone: (650) 327-6319
5 mail@rickgeorge.com

FILED
FEB 13 PM/2:13
CLERK'S OFFICE, N.D. OF CALIFORNIA
NORTHERN DISTRICT OF CALIFORNIA

6
7 UNITED STATES DISTRICT COURT
8 NORTHERN DISTRICT OF CALIFORNIA
9 SAN FRANCISCO DIVISION

10 RICHARD GEORGE,
11 Plaintiff,
12 v.
13 UNITED STATES
14 Defendants.

Case No.: C 07 4673 MJJ

15
16
17
**DECLARATION OF RICHARD
GEORGE IN OPPOSITION TO
DEFENDANT'S MOTION TO DISMISS**

18 I, Richard George, pursuant to 28 U.S.C. §1746, declare as follows:

19 1. Attached as Exhibit A is a true and correct copy of the Claim for Damages I sent to the Area
20 Director of the IRS on September 7, 2005.
21
22 2. Attached as Exhibit B is a true and correct copy of the bank statement for the period July 22
through August 20, 2004 for Chameleon Software, Inc.
23
24 3. Attached as Exhibit C is a true and correct copy of the e-mail I sent to Thomas Moore on
April 28, 2006 regarding Preliminary Accounting of Damages.

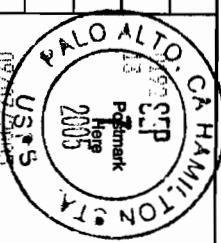
25 I declare under penalty of perjury that the foregoing is true and correct.
26
27 Executed on this 12th day of February, 2008, Menlo Park, California.
28


Richard George
431 Central Ave.
Menlo Park, California

A

OFFICIAL USE

FEE INFORMATION	
Postage	\$ 40.83
Certified Fee	\$ 2.50
Return Receipt Fee (Endorsement Required)	\$ 1.75
Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 44.88



Sent To: Area Director, IRS, Attn: ~~Compliance Technical Support Manager~~
 Street: ~~PO Box No.~~
 PO Box No. ~~1301 Clay St., Suite 1600-S~~
 City: ~~W. State: ZIP+4~~
 Oakland, Calif. 94612
 Date: 3/2008
 PS Form 3800, June 2002

See Reverse for Instructions

Area Director, Internal Revenue Service
 Attn: Compliance Technical Support Manager
 1301 Clay Street, Suite 1600-S,
 Oakland, CA 94612

RE: Claims for Damages,
 SSN: 564-13-3662

To Whom It May Concern:

Please be advised that in compliance with 26 U.S.C. 7433 and Treasury Reg. § 301.7433 I am hereby submitting claims for damages to the maximum extent allowable by law for the each of the years 1997 thru 1999.

These claims are based on the following grounds and attached documents:

- 1) The IRS and its agents and officers wrongfully disallowed deductions for property tax payments, mortgage interest payments, and other schedules A, C, D, and E deductions shown on my federal tax returns years 1997 thru 1999 and imposed unlawful penalties for these years. These IRS actions lead to a series of over 50 levies against me and Chameleon Software during 2004 and 2005 causing significant financial losses that otherwise would not have occurred.
- 2) The IRS and its agents and officers, including Revenue Officer "Jane Allen" (#94-06291), have wrongly claimed that I was the sole person working for Chameleon Software and that Chameleon Software was my alter ego when they knew this was not the case. Allen was explicitly informed by Versant Corporation, a company Chameleon was being paid by, that there were multiple persons contracted by Chameleon to do work for Versant. Nevertheless, Allen submitted a false report to the IRS corporate counsel stating that I was the sole person working for Chameleon. The result was that Allen issued a long series of levies against Chameleon as the alter ego of me. Allen's actions left Chameleon with no money to pay its workers and left me with no money to live on for nearly a year. As a result, Chameleon was forced to terminate its workers because of its inability to pay them. Allen's actions have had a detrimental impact on Chameleon's ability conduct business and have left me in financial straits.
- 3) Although I requested a due process hearing in response to the IRS Notice of Federal Tax Lien dated August 10, 2004 (see attached), I did not receive a response.

4) Allen signed and sent out numerous levy notices she was not authorized to sign and she failed to obtain the required approval signatures on documents authorizing the seizure of Chameleon's business assets. For instance, she sent a notice of levy for over \$300,000—naming "Chameleon Software, as the alter ego, nominee, or transferee of Richard E. George"—to Bank of America with her typed signature and title of Revenue Officer; on August 6, 2004, the notice was re-sent with a different signature, a title of Territory Manager, and a note stating: "****This replaces the Notice of Levy mailed July 26, 2004 by changing the signature and title of the Service Representative****"; Allen then instructed the bank to send both the amount on deposit on July 26th (\$18,421) and the amount on deposit on August 6th (\$36,315). Allen's actions violate 26 U.S.C. 6331—"a levy shall extend only to property possessed and obligations existing at the time thereof"—and Section 1203 the IRS Reform and Restructuring Act of 1998 for "failure to obtain the required approval signatures on documents authorizing the seizure of a taxpayer's home, personal belongings, or business assets."

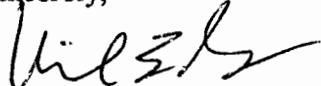
5) The IRS and its agents and officers disclosed to the California Franchise Tax Board that I earned \$129,000 in 1998. This disclosure caused the FTB to increase my earnings by \$129,000 – even though I had already reported that amount on my state tax return – and impose unwarranted additional taxes and penalties. The FTB also disallowed my property tax and mortgage interest write-offs, etc. based on various IRS disclosures relating to 1997 thru 1999 taxes. These disclosures caused the FTB to wrongly impose taxes and penalties in excess of \$107,000 for years 1997 thru 1999 and have subjected me to potential criminal penalties under the FTB tax-amnesty program.

6) Because of the IRS actions against me, I have lost significant work hours and have been unable to use the money that would have otherwise been targeted for business assets that would have generated profits and deductions in future years. In addition, I have been unable to afford much needed medical and dental procedures as a direct result of the IRS leaving me with no money to live on. As a result, I have a medical condition that is now irreparable because it has been neglected for too long.

Because of these and numerous other wrongful actions against me, including the denial of due process, I have suffered irreparable losses, which exceed those authorized by 26 U.S.C. § 7433. I am therefore entitled to recover the full amount authorized by § 7433 for each of the 3 years (1997-1999) covered by this claim.

If you have any questions or need further information please contact me at the above-listed phone number or address.

Sincerely,



Richard E. George

**Office of Chief Counsel
Internal Revenue Service
memorandum**

CC:SB:7:SAC:2:TMRohall

date: July 23, 2004

to: Mike Rockwell
Compliance Group Manager

from: Thomas M. Rohall
General Attorney (Sacramento, Group 2)
(Small Business/Self-Employed)

subject: Alter Ego Lien/Levy Request
Re: Chameleon Software

This is in response to your memorandum dated June 23, 2004 and supplemental memorandum dated June 30, 2004 concerning a request to file Alter Ego liens and serve alter ego levies on Chameleon Software as the alter ego or nominee of Richard George.

ISSUES

Whether Chameleon Software is the alter ego or nominee of Richard George.

CONCLUSIONS

Yes. The factual development by the revenue officer amply supports the conclusion that Chameleon Software is the alter ego or nominee of Richard George. The revenue officer should file the alter ego/nominee liens and serve alter ego levies as indicated in her two memorandums described above.

FACTS

The revenue officer is attempting to collect assessed liabilities against the taxpayer, Richard George, for the years 1997 through 1999. The balance due is in excess of \$300,000. The 1997 liability is the result of a Tax Court Decision. The 1998 and 1999 liabilities are the result of a defaulted statutory notice.

The taxpayer has attempted to hide his assets and income and has continued to make frivolous constitutional arguments. The evidence developed by the revenue officer demonstrates that Chameleon Software is simply a dba used by the taxpayer to conduct his business as a software developer. The bank account in the name of Chameleon Software is used by the taxpayer to pay personal expenses. The taxpayer has held himself out to be Chameleon Software. He is the sole signatory authority on the Bank of America account. He is also the only employee of the entity. He is also the

person who negotiated the consulting contract with Versant, which contract pays the taxpayer approximately \$22,000 per month.

The revenue officer has developed sufficient facts to show that Chameleon Software is the alter ego or nominee of Richard George. We recommend that the following language be used in filing the liens and levies:

Chameleon Software, as the alter ego, nominee, or transferee of Richard George.

If you have any questions, please feel free to contact me at (916) 974-5723.

John Y. Chinnapongse
Associate Area Counsel
(Small Business/Self-Employed)

By: 
THOMAS M. ROHALL
Attorney (SBSE)

cc: Jane Allen, Revenue Officer, San Francisco

Writers Direct Dial Number
510-789-1724
lkupchanko@versant.com

August 24, 2004

Internal Revenue Service
Attn: Jane Allen
450 Golden Gate Avenue, 6th Floor
San Francisco, CA 94102

RE: Notice of Levy – Chameleon Software / Richard E. George

Dear Jane Allen;

In follow-up to our phone conversations and in compliance with your Notice of Levy that we received on July 30, 2004, please accept this letter of explanation. I have attached a copy of the most recent invoice that we have received from Chameleon Software for the period June 1, 2004 through June 30, 2004 in the amount of \$36,240.00. You will note from the invoice that this includes 14 days of billings for Mr. David George as well as 19 days of billings for Mr. Richard George. We will be issuing a check this week in this total amount payable to your offices as per the levy instructions.

In addition please note that we will be expecting an additional invoice from Chameleon Software for the July billing period in the near future. Once we receive it, we will process it in the same manner and send any amount due through the date of July 31, 2004 to your offices as per the levy.

Please contact me if you have any questions.

Sincerely,

Versant Corporation

Loni Kupchanko
General Counsel

Writers Direct Dial Number
510-789-1724
lkupchanko@versant.com

October 12, 2004

Internal Revenue Service
Attn: Jane Allen
450 Golden Gate Avenue, 6th Floor
San Francisco, CA 94102

RE: Notice of Levy – Chameleon Software / Richard E. George

Dear Jane Allen;

In follow-up to, and in compliance with, your Notice of Levies that we received on July 30, 2004 and September 21, 2004, please accept this letter of explanation. I have attached a copy of the most recent invoice that we have received from Chameleon Software for the period July 1, 2004 through July 30, 2004 in the amount of \$28,080.00. You will note from the invoice that this includes 8 days of billings for Mr. David George as well as 11 days of billings for Mr. Richard George. We will be issuing a check next week in this total amount payable to your offices as per the levy instructions.

In addition please note that we will be expecting an additional invoice from Chameleon Software for the August and September billing periods in the future. Once we receive it, we will process it in the same manner and send any amount due through the date of September 21, 2004 to your offices as per the levy.

Please contact me if you have any questions.

Sincerely,

Versant Corporation

Loni Kupchanko
General Counsel

DATE: July 26, 2004

TELEPHONE NUMBER

REPLY TO: Internal Revenue Service

OF IRS OFFICE: (415) 522-4334

attn: Jane Allen

450 Golden Gate Avenue, 6th Floor

San Francisco, CA 94102

NAME AND ADDRESS OF TAXPAYER:

TO: Bank of America

Chameleon Software, as the alter ego,
nominee, or transferee of Richard E. George
431 Central Avenue
Menlo Park, CA 94025-2804

Levy Dept.

P. O. Box 54660

Los Angeles, CA 90054-0660

IDENTIFYING NUMBER(S): 564-13-3662
95-4733541

THIS ISN'T A BILL FOR TAXES YOU OWE. THIS IS A NOTICE OF LEVY WE ARE USING TO COLLECT MONEY OWED BY THE TAXPAYER NAMED ABOVE.

Reference: this Notice of Levy Includes, but is not limited to, account number 01176-10739

Kind of Tax	Tax Period Ended	Unpaid Balance of Assessment	Statutory Additions	Total
1040	12/31/1997	\$28,262.29	\$12,875.06	\$41,137.35
1040	12/31/1998	\$70,051.06	\$15,116.90	\$85,167.96
1040	12/31/1999	\$150,187.12	\$34,420.41	\$184,607.53

THIS LEVY WON'T ATTACH FUNDS IN IRAS, SELF-EMPLOYED INDIVIDUALS' RETIREMENT PLANS, OR ANY OTHER RETIREMENT PLANS IN YOUR POSSESSION OR CONTROL, UNLESS IT IS SIGNED IN THE BLOCK TO THE RIGHT.=====⇒

Total Amount Due

\$310,912.84

We figured the interest and late payment penalty to 08/26/2004

Although we have told you to pay the amount you owe, it is still not paid. This is your copy of a notice of levy we have sent to collect this unpaid amount. We will send other levies if we don't get enough with this one.

Banks, credit unions, savings and loans, and similar institutions described in section 408(n) of the Internal Revenue Code must hold your money for 21 calendar days before sending it to us. They must include the interest you earn during that time. Anyone else we send a levy to must turn over your money, property, credits, etc. that they have (or are already obligated for) when they would have paid you.If you decide to pay the amount you owe now, please bring a guaranteed payment (cash, cashier's check, certified check, or money order) to the nearest IRS office with this form, so we can tell the person who received this levy not to send us your money. Make checks and money orders payable to **United States Treasury**. If you mail your payment instead of bringing it to us, we may not have time to stop the person who received this levy from sending us your money.

If we have erroneously levied your bank account, we may reimburse you for the fees your bank charged you for handling the levy. You must file a claim with the IRS on Form 8546 within one year after the fees are charged.

If you have any questions, or want to arrange payment before other levies are issued, please call or write us. If you write to us, please include your telephone number and the best time to call.

Signature of Service Representative

/S/ Jane Allen

Title

Revenue Officer

Form 668-A(ICS)
(Rev. Jan. 2003)Department of the Treasury – Internal Revenue Service
Notice of Levy**DATE:** July 26, 2004**REPLY TO:** Internal Revenue Service
attn: Jane Allen
450 Golden Gate Avenue, 6th Floor
San Francisco, CA 94102**TO:** Bank of America
Levy Dept.
P. O. Box 54660
Los Angeles, CA 90054-0660**TELEPHONE NUMBER**
OF IRS OFFICE: (415) 522-4334**NAME AND ADDRESS OF TAXPAYER:**
Chameleon Software, as the alter ego,
nominee, or transferee of Richard E. George
431 Central Avenue
Menlo Park, CA 94025-2804**IDENTIFYING NUMBER(S):**
564-13-3662 / 95-4733541

THIS ISN'T A BILL FOR TAXES YOU OWE. THIS IS A NOTICE OF LEVY WE ARE USING TO COLLECT MONEY OWED BY THE TAXPAYER NAMED ABOVE.

Reference: this Notice of Levy includes, but is not limited to, account number 01176-10739

Kind of Tax	Tax Period Ended	Unpaid Balance of Assessment	Statutory Additions	Total
1040	12/31/1997	\$28,262.29	\$12,875.06	\$41,137.35
1040	12/31/1998	\$70,051.06	\$15,116.90	\$85,167.96
1040	12/31/1999	\$150,187.12	\$34,420.41	\$184,607.53

*** This replaces the Notice of Levy mailed July 26, 2004 by changing the signature and title of the Service Representative ***

THIS LEVY WON'T ATTACH FUNDS IN IRAs, SELF-EMPLOYED INDIVIDUALS' RETIREMENT PLANS, OR ANY OTHER RETIREMENT PLANS IN YOUR POSSESSION OR CONTROL, UNLESS IT IS SIGNED IN THE BLOCK TO THE RIGHT. →

Total Amount Due

\$310,912.84

We figured the interest and late payment penalty to 08/26/2004

Although we have told you to pay the amount you owe, it is still not paid. This is your copy of a notice of levy we have sent to collect this unpaid amount. We will send other levies if we don't get enough with this one.

Banks, credit unions, savings and loans, and similar institutions described in section 408(n) of the Internal Revenue Code must hold your money for 21 calendar days before sending it to us. They must include the interest you earn during that time. Anyone else we send a levy to must turn over your money, property, credits, etc. that they have (or are already obligated for) when they would have paid you.

If you decide to pay the amount you owe now, please bring a guaranteed payment (cash, cashier's check, certified check, or money order) to the nearest IRS office with this form, so we can tell the person who received this levy not to send us your money. Make checks and money orders payable to **United States Treasury**. If you mail your payment instead of bringing it to us, we may not have time to stop the person who received this levy from sending us your money.

If we have erroneously levied your bank account, we may reimburse you for the fees your bank charged you for handling the levy. You must file a claim with the IRS on Form 8546 within one year after the fees are charged.

If you have any questions, or want to arrange payment before other levies are issued, please call or write us. If you write to us, please include your telephone number and the best time to call.

Signature of Service Representative

/S/ Leah Bass

Title

Territory Manager ID # 68-11380

Chameleon Software, Inc.
431 Central Avenue
Menlo Park, California 94025

September 4, 2004

Internal Revenue Service
1301 Clay Street #1400-S
Oakland, California 94612

Re: Notice of Federal Tax Lien (See attached.)

To whom it may concern:

Enclosed please find Form 12153, Request for a Collection Due Process Hearing for the above referenced matter. This request for hearing is being made, in part, on the following grounds:

- Chameleon Software, Inc. is not the alter ego or nominee of Richard E. George.
- Chameleon Software is a California corporation established as such in 1999.
- Chameleon Software has never received a notice of deficiency nor otherwise had an opportunity to dispute this tax liability.

Your prompt attention to this matter is appreciated.

Sincerely,

Chameleon Software, Inc.

By: 

Richard E. George
President/CEO
Chameleon Software, Inc.

Request for a Collection Due Process Hearing

Use this form to request a hearing with the IRS Office of Appeals only when you receive a **Notice of Federal Tax Lien Filing & Your Right To A Hearing Under IRC 6320**, a **Final Notice - Notice Of Intent to Levy & Your Notice Of a Right To A Hearing**, or a **Notice of Jeopardy Levy and Right of Appeal**. Complete this form and send it to the address shown on your lien or levy notice for expeditious handling. Include a copy of your lien or levy notice(s) to ensure proper handling of your request.

(Print) Taxpayer Name(s): Chameleon Software, Inc.

(Print) Address: 431 Central Avenue

Daytime Telephone Number: (650)450-2633 Type of Tax/Tax Form Number(s): 1040

Taxable Period(s): 1997 - 1999

Social Security Number/Employer Identification Number(s): 95-4733541

Check the IRS action(s) that you do not agree with. Provide specific reasons why you don't agree. If you believe that your spouse or former spouse should be responsible for all or a portion of the tax liability from your tax return, check here and attach Form 8857, Request for Innocent Spouse Relief, to this request.

Filed Notice of Federal Tax Lien (Explain why you don't agree. Use extra sheets if necessary.)

- 1) Chameleon Software is not the alter ego/nominee of Richard E. George
- 2) Chameleon Software is a California corporation established in 1989
- 3) Chameleon Software has never received a notice of deficiency nor otherwise had an opportunity to dispute this tax liability.

Notice of Levy/Seizure (Explain why you don't agree. Use extra sheets if necessary.)

I/we understand that the statutory period of limitations for collection is suspended during the Collection Due Process Hearing and any subsequent judicial review.

Chameleon Software, Inc.

Taxpayer's or Authorized Representative's Signature and Date: By: Richard E. George 9/4/04
Richard E. George, President/CEO

Taxpayer's or Authorized Representative's Signature and Date: _____

IRS Use Only:

IRS Employee (Print): _____ IRS Received Date: _____

Employee Telephone Number: _____

Recording Requested By Internal Revenue
Service. When recorded mail to:

INTERNAL REVENUE SERVICE
1301 CLAY ST #1400-S
OAKLAND, CA 94612

For Optional Use by Recording Office

Form 668 (Y)(c)
(Rev. February 2004)

9714 Department of the Treasury - Internal Revenue Service
Notice of Federal Tax Lien

Area: SMALL BUSINESS/SELF EMPLOYED AREA #13 Serial Number
Lien Unit Phone: (510) 637-2386 186130104

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

Name of Taxpayer CHAMELEON SOFTWARE, AS THE
ALTER EGO, NOMINEE, OR
TRANSFeree OF RICHARD E. GEORGE

Residence 431 CENTRAL AVE
MENLO PARK, CA 94025-2804

IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refiled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
1040	12/31/1997	564-13-3662	03/26/2001	04/25/2011	14458.72
1040	12/31/1998	564-13-3662	09/30/2002	10/30/2012	70051.06
1040	12/31/1999	564-13-3662	09/30/2002	10/30/2012	150187.12

Place of Filing

SAN MATEO
REDWOOD CITY, CA 94063

Total \$ 234696.90

This notice was prepared and signed at OAKLAND, CA, on this,
the 10th day of August, 2004.

Signature

for JANE ALLEN

Title
REVENUE OFFICER
(415) 522-4334

33-08-1307

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax lien
Rev. Rul. 71-466, 1971 - 2 C.B. 409)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Area Director, IRS
 Attn: compliance Technical
 Support Manager
 1301 Clay St. Suite 1600-S
 Oakland, Calif. 94612

COMPLETE THIS SECTION ON DELIVERY**A. Signature**

M. WOO

Agent
 Addressee

B. Received by (Printed Name)

M. WOO

C. Date of Delivery

9/8/05

D. Is delivery address different from item 1?

Yes
 If YES, enter delivery address below: No

3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

2. Article Number

(Transfer from service label)

7004 2510 0000 6561 6506

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

B

CHAMELEON SOFTWARE, INC.

Statement Period: July 22 through August 20, 2004
Account Number: 01176-10739 Account Activity

Date Posted	Description	Reference Number	Amount
	Withdrawals, Transfers and Account Fees		
07/29	Debit Adjustment 2802-29jul04 Levy	Source: 4090	\$18,421.45
07/29	Legal Process Fee 2802-29jul04 Levy	Source: 4090	75.00
07/30	Insufficient Funds Fee		30.00
08/04	Insufficient Funds Fee		30.00
08/05	Insufficient Funds Fee		30.00
08/09	Debit Adjustment 3300-09aug04 Levy	Source: 4090	36,315.00
08/09	Legal Process Fee 3300-09aug04 Levy	Source: 4090	75.00
08/10	Insufficient Funds Fee		33.00
08/11	Insufficient Funds Fee		33.00
	Total Withdrawals, Transfers and Account Fees		\$55,042.45
	Service Charge		
08/20	In-Branch Transaction Fee - Deposits		\$3.00

 Daily Balance

Date	Amount	Date	Amount	Date	Amount
07/29	-\$ 75.00	08/04	36,345.00	08/10	- 108.00
07/30	- 105.00	08/05	36,315.00	08/11	- 141.00
08/03	36,375.00	08/09	- 75.00	08/20	- 144.00

 Bank of America: In Balance

To assist you in reconciling your account, we have provided the following summary information.
A reconciliation worksheet is printed on the reverse of this page.

- Your ending balance from this statement - \$144.00
- Subtract insufficient funds fees from your checkbook register 156.00
- Subtract other account fees from your checkbook register 150.00
- Subtract the monthly service charge from your checkbook register 3.00

C

Rick George

From: Rick George [mailto:rickgeorge.com]
Sent: Friday, April 28, 2006 2:12 PM
To: Tom.Moore@usdoj.gov; David Silberman; Anne Michelle Burr
Subject: First Demand for Admissions and Preliminary Accounting of Damages
Attachments: First Demand for Admissions.pdf

Dear Messrs Moore, Silberman, and Burr:

Please see attached for plaintiff's first demand for admissions. Plaintiff respectfully requests that all three defense attorneys collaborate on the responses.

The following is a preliminary accounting of plaintiff's damages in this matter:

The IRS has collected approximately \$300,000 for 1997-1999

The FTB has assessed approximately \$100,000 for 1998 and 1999 and collected approximately \$30,000

Plaintiff's CPA has calculated plaintiff's 1997-1999 taxes due to be \$14,197 (FED) and \$5,508 (STATE).

Thus the calculated damages based on these over assessments alone are approximately \$380,295 (\$400,000 - \$19,705).

In addition, plaintiff is an entrepreneur and due to defendants' actions has lost investment capital and innumerable time that would have been allocated to his business pursuits had he not been distracted by defendants' relentless hounding.

From 1997 to 1999, plaintiff was the Senior Architect for Verity, a company that produced the premiere search engine technology for web-based internet searching. A number of Verity's employees went on to Google and subsequently made millions of dollars from stock options and as you must well know the founders of Google have made billions of dollars from their search technology.

After plaintiff left Verity he was attempting to develop similar technology as a founder of Chameleon Software. The defendants in this matter, however, prevented him from doing so with their relentless and wrongful collection actions, causing him to be much distracted from his business pursuits and depriving him of his investment capital. Plaintiff would have had a much greater chance of building a successful software business along the lines of Google or Microsoft had defendants not engaged in such heavy-handed, unlawful acts.

Plaintiff's damages and defendants' liability in this matter are therefore potentially in the billions of dollars.

Furthermore, as set forth in plaintiff's complaint, plaintiff has been denied his constitutional rights and immunities, has been unable to afford necessary medical attention, has suffered other substantial losses, and has been kept from pursuing productive endeavors due to defendants' actions.

Please reply with your thoughts as to how we may settle this matter and your responses to the attached demand for admissions.

Sincerely,

/s/ Richard George

Richard George